

Message Text

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ACTION OPIC-12

INFO OCT-01 AF-10 ISO-00 SSO-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 CIEP-02

LAB-06 SIL-01 OMB-01 INRE-00 L-03 /086 W

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O 100855Z SEP 73

FM AMEMBASSY MOGADISCIO

TO SECSTATE WASHDC IMMEDIATE 1221

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FOR OPIC FROM HOEVELER

E.O. 11652: N/A

TAGS: EIND

SUBJ: FEARN/PRODMA

REF: A. MOGADISCIO 1303; B. MOGADISCIO 1313

1. GSDR HAS OFFERED TWO MILLION SHILLINGS (AT TODAY'S RATE APPROXIMATELY \$327,000) FOR PURCHASE FEARN'S INTEREST IN PRODMA FISHING OPERATIONS. IF ACCEPTED, PAYMENT "WILL BE MADE IN U.S. DOLLARS WITHIN SIX MONTHS. ANY SUCH AGREEMENT WILL BE SUBJECT TO FORMAL AND LEGAL CONFORMITY TO THE LAWS OF THE COUNTRY AND THE RULES OF THE COMPANY." PHOTOCOPY THEIR LETTER OF OFFER POUCHED JOURDIN SEPT 8.

2. WILL NEED SOONEST OPIC AND FEARN AGREEMENT ON PRICE BEFORE WE CAN PROCEED TIE DOWN METHOD AND TIMING OF PAYMENT(S). ADVISE YOUR AND FEARN'S SUGGESTIONS RE LATTER.

3. ON CARETAKER ARRANGEMENTS, GSDR INSISTS FEARN PAY THESE COSTS THROUGH SEPT 30. LIBAN HAS BEEN PAID OFF, BUT FOUR GUARDS (WHOSE SALARIES HAVE BEEN PAID TO OCT 1) HAVE CALIMS FOR TERMINAL AND VACATION PAY AMOUNTING TO ABOUT \$2,000.

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LIBAN WILL SUPPLY FIGURES AND WHEN EXACT AMOUNT KNOWN FEARN

SHOULD ARRANGE TRANSFER TO THEIR ACCOUNT HERE FUNDS TO COVER THESE ADDITIONAL EXPENSES.

4. ASSUMING PROMPT AGREEMENT ON PRICE AND PAYMENT(S), GSDR PREPARED TAKE PHYSICAL POSSESSION AND RESPONSIBILITY FOR PLANT AS OF OCT 1.

5. MET SEPT 8 WITH MANAGER PETROLEUM AGENCY RE BUNKERING. HE CONFIRMED THAT THIS FACILITY WAS NATIONALIZED BUT WAS NOT RPT NOT INCLUDED IN SHELL CLAIM NOR IN GSDR OFFER OF COMPENSATION TO SHELL. IN FACT THIS ITEM (IN AMOUNT 700,000 SO. SH.) SPECIFICALLY EXCLUDED FROM SHELL-GSDR NEGOTIATIONS.

6. WE ARE MEETING WITH SECRETARY INTERNAL COMMERCE MORNING SEPT 11 TO SEEK HIS CONCURRENCE NEGOTIATE THIS MATTER WITH MANAGER PETROLEUM AGENCY. HOWEVER IN VIEW GSDR PAST SETTLEMENTS WITH OIL COMPANIES IT MAY BE MORE DIFFICULT GET A "WITHIN SIX MONTHS" PROMISE OF PAYMENT.

7. WE BELIEVE GSDR HAS MADE A CAREFUL EVALUATION OF THE PLANT AND USED FAIR ACCOUNTING METHODS IN DETERMINING VALUE OF ASSET TODAY. WE LIKEWISE BELIEVE THAT COMPENSATION FOR BUNKERING FACILITY WILL BE FAIRLY COMPUTED, ALTHOUGH PAYMENT MAY BE STRETCHED OUT. THEREFORE, IN VIEW (1) AMOUNT AND TERMS OF PAYMENT OFFERED, (2) LACK OF ANY REAL BARGAINING POWER OR ALTERNATE BUYERS, (3) DESIRABILITY FROM MOGADISCIO AND WASHINGTON STANDPOINTS TO WIND UP THIS CASE, AND (4) FACT OFFER FOR PLANT EXCEEDS \$320,000 AND LIKELIHOOD WE CAN GET ENOUGH ADDITIONAL OUT OF BUNKERING TO REACH OR SURPASS FEARN'S FIGURE OF \$369,000 FOR THE TWO CLAIMS, WE RECOMMEND PROMPT ACCEPTANCE
GSDR OFFER LISTED PARA ONE.

8. ADVISE.
CROMWELL

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Message Attributes

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